

**COMMONWEALTH BANK OF AUSTRALIA  
NEW ZEALAND OPERATIONS**

**GENERAL SHORT FORM  
DISCLOSURE STATEMENT**

**For the three months ended  
30 September 2008**

**Commonwealth Bank of Australia  
NZ Operations  
General Short Form Disclosure Statement**

**30 September 2008**

The Reserve Bank Orders in Council require Registered Banks licensed in New Zealand to produce a General Disclosure Statement prepared in accordance with the Financial Reporting Act 1993 and the Orders, and that such Statements be made available to the public on request. This General Short Form Disclosure Statement has been produced in compliance with those Orders and consists of two parts:

**Part A - Commonwealth Bank of Australia New Zealand Banking Group (the “Banking Group”) General Short Form Disclosure Statement**

The New Zealand Banking Group of the Commonwealth Bank of Australia (the “CBA”) comprises:

- CBA New Zealand Branch (the “Registered Bank”) and various 100% owned CBA subsidiaries controlled by CBA New Zealand Branch. The CBA New Zealand Branch operates independently of the ASB Group operations within New Zealand and is a separately registered financial institution in terms of the Reserve Bank of New Zealand Act 1989. The Registered Bank for the purposes of this Disclosure Statement is CBA New Zealand Branch. CBA New Zealand Branch was issued a registered banking licence on 23 June 2000 **AND**
  
- ASB Banking Operations as disclosed in the ASB Bank Limited General Short Form Disclosure Statement, together with the immediate parent of ASB Bank Limited, ASB Holdings Limited, and ASB Funding Limited, a funding company for the CBA New Zealand Operations that is 100% owned by ASB Holdings Limited. ASB Holdings Limited is the ultimate holding company in New Zealand, owned as at the date of these financial statements, 100% by the Commonwealth Bank of Australia. The assets of ASB Holdings Limited consist mainly of its investments in Subsidiaries.

**Part B - Commonwealth Bank of Australia New Zealand Life Insurance Group (the “Life Group”) General Short Form Disclosure Statement**

The New Zealand life insurance activities of the Commonwealth Bank of Australia have not been included in the Banking Group General Short Form Disclosure Statement. Equivalent disclosures, where applicable, have been provided to assist interested parties to understand the entire New Zealand operations of the Commonwealth Bank of Australia.

The Life Group is the aggregation of the life insurance activities of ASB Group (Life) Limited, The Colonial Mutual Life Assurance Society Limited New Zealand Branch, Colonial First State Investments (NZ) Limited, Colonial First State Investment Managers (NZ) Limited and Colonial Holding Company Limited New Zealand Branch.

**COMMONWEALTH BANK OF AUSTRALIA  
NEW ZEALAND OPERATIONS**

**PART A**

**NEW ZEALAND BANKING GROUP**

**GENERAL SHORT FORM  
DISCLOSURE STATEMENT**

**For the three months ended  
30 September 2008**

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# General Short Form Disclosure Statement

## Commonwealth Bank of Australia New Zealand Banking Group

This document comprises the General Short Form Disclosure Statement for Commonwealth Bank of Australia New Zealand Banking Group (the "Banking Group") of Commonwealth Bank of Australia New Zealand Operations (the "CBA NZ Operations") and Commonwealth Bank of Australia New Zealand Branch (the "Registered Bank") as at 30 September 2008. The business of the Registered Bank comprises all banking business transacted in New Zealand through the New Zealand branch. This information is published in accordance with the Registered Bank Disclosure Statement (Off-Quarter - Overseas Incorporated Registered Banks) Order 2008 and pursuant to Section 81(1) of the Reserve Bank of New Zealand Act 1989.

This document should be read in conjunction with the disclosures for Commonwealth Bank of Australia New Zealand Life Insurance Group (the "Life Group") of the CBA NZ Operations.

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### GENERAL MATTERS

#### 1.0 Registered Bank and Address for Service

Commonwealth Bank of Australia New Zealand Branch  
Level 21, ASB Bank Centre  
135 Albert Street  
Auckland  
New Zealand

A copy of the Commonwealth Bank of Australia's most recent published Financial Statements will be available immediately upon a request being made to the above address. A copy of the Financial Statements may also be obtained from the Commonwealth Bank of Australia's website ([www.commbank.com.au](http://www.commbank.com.au)) in the Shareholder Centre.

The Registered Bank has not published a supplementary disclosure statement because none of the information required to be disclosed applies to the Banking Group.

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#### 2.0 Overseas Bank and Address for Service

The Overseas Bank is the Commonwealth Bank of Australia, domiciled in Australia. The Overseas Banking Group is the Commonwealth Bank of Australia including subsidiary activities worldwide.

Commonwealth Bank of Australia  
Level 7  
48 Martin Place  
Sydney  
Australia

The Commonwealth Bank of Australia (the "CBA") operates as a public company under the Corporations Act in Australia. It has a share capital and is governed by a constitution. CBA was converted from a statutory corporation to a public company on 17 April 1991.

The CBA Group provides a wide range of banking, financial and related services including funds management and life and general insurance. The origins of the Bank lie in the former Commonwealth Bank of Australia which was established in 1911 by an Act of Parliament to conduct commercial and savings bank functions. These functions were gradually expanded under continued Government ownership until September 1991 when the Bank was partially privatised. In July 1996 the Commonwealth Government sold its remaining shareholding in the Bank.

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#### 3.0 Ranking of Local Creditors in a Winding-Up

Under Section 13A(3) of the Banking Act 1959 of the Commonwealth of Australia, if an Authorised Deposit-taking Institution ("ADI") (which includes a bank) becomes unable to meet its obligations or suspends payment, the assets of the ADI in Australia are to be available to meet the ADI's liabilities in the following order: (a) first, the ADI's liabilities to APRA, to the extent that APRA has made, or is required to make, payments to depositors under the Financial Claims Scheme; (b) second, the ADI's debts to APRA for costs incurred by APRA in the administration of the Scheme in respect of that ADI; (c) third, in payment of the ADI's deposit liabilities in Australia (other than liabilities covered under paragraph (a)); and (d) fourth, the ADI's other liabilities.

Section 16(1) and (2) of the Banking Act 1959 of the Commonwealth of Australia provide that, despite anything contained in any law relating to the winding up of companies, but subject to Section 13A(3) of the Banking Act 1959, the debts of an ADI to the Australian Prudential Regulation Authority ("APRA") in respect of APRA's costs (including costs in the nature of remuneration and expenses) of being in control of the ADI's business or of having an administrator in control of the ADI's business have priority in a winding up of the ADI over all other unsecured debts.

Section 86 of the Reserve Bank Act 1959 of the Commonwealth of Australia provides that notwithstanding anything contained in any law relating to the winding up of companies, but subject to Section 13A(3) of the Banking Act 1959, debts due to the Reserve Bank of Australia by an ADI shall, in the winding up, have priority over all other debts other than debts due to the Commonwealth of Australia. The Commonwealth Bank of Australia is an ADI.

#### 3.1 Requirement for Commonwealth Bank of Australia to maintain sufficient assets in Australia to cover an ongoing obligation to pay deposit liabilities in Australia

Section 13A (4) of the Banking Act 1959 of the Commonwealth of Australia states that it is an offence for an ADI not to hold assets in Australia of a value that is equal to or greater than the total amount of its deposit liabilities in Australia, unless APRA has authorised the ADI to hold assets of a lesser value. This requirement has the potential to impact on the management of the liquidity of the New Zealand operations of the Commonwealth Bank of Australia in extreme circumstances.

## 4.0 Guarantee Arrangements

On 12 October 2008 the Prime Minister of Australia announced a government guarantee of the deposits and wholesale funding of Australian deposit-taking institutions. Commonwealth Bank of Australia is an eligible Authorised Deposit-taking Institution ("ADI") under the terms of the guarantee. The guarantee also applies to the Registered Bank, as a foreign branch of an eligible institution.

### 4.1 Deposit Guarantee

The guarantee of deposits is provided under Commonwealth legislation. It only applies to protected accounts with ADI's. A protected account is an account that is kept by an account holder with an ADI that is either prescribed by regulation or an account, or covered financial product, that is kept under an agreement between the account holder and the ADI requiring the ADI to pay the account holder on demand, or at an agreed time, the net credit balance.

Various deposit accounts, such as saving, call, current, cheque, debit card, transaction, and mortgage offset accounts, have been declared to be covered financial products.

At the date of signing this General Short Form Disclosure Statement, and up until 28 November 2008, all deposits eligible for the guarantee are covered without limit and without charge.

The Government has stated the guarantee will operate for a period of three years from 12 October 2008.

The guarantee applies to deposits denominated in any currency.

#### Post 28 November 2008 - Government Announcements

The Government has announced that a threshold of \$1m will apply from 28 November 2008. For deposits over \$1m, an eligible ADI will be able to obtain coverage, in return for a fee. For example, if a person holds \$1.5m in deposit accounts in an eligible ADI, the first \$1m would be guaranteed for free and a fee would be payable to obtain the guarantee for the remaining \$500,000. The threshold applies to the total amount of funds held by a depositor in any number of deposit accounts with an ADI.

After 28 November 2008, deposits over the \$1m threshold will only be guaranteed if an application has been made to the Reserve Bank of Australia ("RBA") by the eligible ADI and the relevant fee has been paid. The ADI may pass on the costs of the guarantee to depositors.

### 4.2 Wholesale Funding Guarantee

The Commonwealth of Australia has entered into an interim Deed of Guarantee, covering wholesale funding by eligible ADI's.

The Deed was entered into by the Commonwealth on 2 November 2008 and, unless it is extended by publication on the Treasury website, will expire at midnight on 27 November 2008, when it is intended that it will be replaced with a separate facility.

The Commonwealth may effect amendments to the deed by publication on the Treasury website.

The deed covers 'guaranteed eligible institution liabilities'. These liabilities must have the following features:

- they must be a senior unsecured debt;
- they must have arisen from a payment obligation in a debenture, certificate of deposit, bank bill, commercial paper, bond or note drawn or made by the ADI which is not complex and which has a term of 60 months or less. This may exclude structured instruments;
- they must not have become due and payable due to the operation of a cross default clause; and
- they must not have become due and payable due to the operation of an acceleration clause, other than as a result of the ADI being placed under external administration.

The deed sets out the procedures for making claims under the guarantee.

#### Post 28 November 2008 - Government Announcements

The Government intends that a separate facility for the guarantee of wholesale funding will be available to eligible ADI's, from 28 November 2008. The Government has announced that from that date, wholesale funding will only be guaranteed where the relevant ADI has made an application to the RBA and a fee has been paid. It is intended that the eligible ADI will be required to meet certain set criteria to be specified in various rules, before it obtains coverage.

The Government intends that the guarantee will be extended on an issue by issue basis. Eligible securities will be restricted to securities issued by eligible ADI's with a term of up to 60 months, with the guarantee to apply for the full term of the relevant security including in the period following the closure of the scheme to new issuances.

The Government intends that the facility will be restricted to senior unsecured debt instruments. Certificates of deposit and bank bills will be covered by the facility. The guarantee will not cover structured debt.

The facility will apply to debt issuances in all major currencies and will apply to eligible securities issued domestically or offshore. The Government intends to withdraw the facility once market conditions have normalised.

#### General

The legal framework for the guarantees from 28 November 2008 has not yet been fully determined as at the date of signing this General Short Form Disclosure Statement. Details are expected to be published on the Treasury website [www.treasury.gov.au](http://www.treasury.gov.au).

Further, the Government has indicated that the guarantees may require refinement or adjustment in light of market developments, and has indicated that it will review the guarantee schemes on an on going basis and will revise them if necessary.

#### 4.0 Guarantee Arrangements (continued)

**Guarantor's name and address for service under Wholesale Funding Guarantee:**

The Commonwealth of Australia  
c/o Australian Government Solicitor  
50 Blackall Street  
BARTON ACT 2600  
Attention: Director, Canberra  
Facsimile +61 2 6253 7333

Further details of the guarantee arrangements, together with relevant legislation, regulations and other documents setting out the terms and conditions of the current guarantee arrangements, are available at the Treasury website [www.treasury.gov.au](http://www.treasury.gov.au).

The most recent audited financial statements of the Commonwealth of Australia can be obtained at the Treasury's Budget website [www.budget.gov.au](http://www.budget.gov.au) under the budget tab.

As at the date of the signing of this General Short Form Disclosure Statement, the following ratings were assigned to the Commonwealth of Australia's long term, AUD denominated debt:

Rating Agency	Long Term Ratings (and Any Qualifications)
Fitch Ratings	AAA
Moody's Investors Service, Inc.	Aaa
Standard & Poor's (Australia) Pty Limited	AAA

These ratings have remained unchanged in the two preceding years. The outlook from all agencies is stable.

Descriptions of the steps in the ratings scales above are set out on page 5.

#### 4.3 New Zealand Guarantee Arrangements

Also on 12 October 2008 the New Zealand Minister of Finance announced a Deposit Guarantee Scheme ("Scheme"), under which the Crown guarantees retail deposits of participating financial institutions from 12 October 2008 until 12 October 2010. The Registered Bank does not have a guarantee under the Scheme. However, ASB Bank Limited, a member of the Banking Group with its own separate banking licence is covered by the Scheme. Information on the Scheme is available on the Treasury website [www.treasury.govt.nz](http://www.treasury.govt.nz).

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#### 5.0 Directors and the New Zealand Chief Executive Officer

There have been no changes to Directors since the previous General Disclosure Statement (30 June 2008).

#### 5.1 New Zealand Chief Executive Officer

A.J. (Andrew) Woodward  
Head of Institutional Banking NZ CBA

#### 5.2 Directors of the Commonwealth Bank of Australia

**Chairman**

J.M. (John) Schubert BE, PhD, FIE Aust, FTS, CP(Eng)  
Independent Director  
Australia

**Managing Director**

R.J. (Ralph) Norris DCNZM, FNZIM, FNZCS  
Chief Executive Officer  
Australia

**Independent Directors**

Sir J.A. (John) Anderson KBE  
New Zealand

A.M. (Andrew) Mohl  
Australia

R.J. (Reg) Clairs AO  
Australia

F.D. (Fergus) Ryan  
Australia

C.R. (Colin) Galbraith LLB (Hons), LLM, AM  
Australia

D.J. (David) Turner FCA  
Australia

J.S. (Jane) Hemstritch BSc, FCA, FCPA  
Australia

H.H (Harrison) Young  
Australia

S.C.H. (Carolyn) Kay BA, LLB, FAICD  
Australia



## 5.0 Directors and the New Zealand Chief Executive Officer (continued)

### 5.3 Responsible Person

G.H. (Hugh) Burrett  
Managing Director and Chief Executive Officer  
Auckland, New Zealand

In his Absence  
S.B. (Stewart) McRobie  
Head of Group Finance & Risk Management  
Auckland, New Zealand

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## 6.0 Conditions of Registration - Commonwealth Bank of Australia New Zealand Branch (the "Registered Bank") as from 26 November 2007.

6.1 The registration of the New Zealand branch of Commonwealth Bank of Australia (the "Registered Bank") is subject to the following conditions:

6.2 That the Banking Group does not conduct any non-financial activities that in aggregate are material relative to its total activities, where the term material is based on generally accepted accounting practice, as defined in the Financial Reporting Act 1993.

6.3 That the Banking Group's insurance business is not greater than 1 percent of its total consolidated assets. For the purposes of this condition:

(i) Insurance business means any business of the nature referred to in section 4 of the Insurance Companies (Ratings and Inspections) Act 1994 (including those to which the Act is disappplied by sections 4(1)(a) and (b) and 9 of that Act), or any business of the nature referred to in section 3(1) of the Life Insurance Act 1908;

(ii) In measuring the size of the Banking Group's insurance business:

(a) where insurance business is conducted by any entity whose business predominantly consists of insurance business, the size of that insurance business shall be:

- the total consolidated assets of the group headed by that entity;
- or if the entity is a subsidiary of another entity whose business predominantly consists of insurance business, the total consolidated assets of the group headed by the latter entity;

(b) otherwise, the size of each insurance business conducted by any entity within the Banking Group shall equal the total liabilities relating to that insurance business, plus the equity retained by the entity to meet the solvency or financial soundness needs of the insurance business;

(c) the amounts measured in relation to parts (a) and (b) shall be summed and compared to the total consolidated assets of the Banking Group. All amounts in parts (a) and (b) shall relate to on balance sheet items only, and shall be determined in accordance with generally accepted accounting practice, as defined in the Financial Reporting Act 1993;

(d) where products or assets of which an insurance business is comprised also contain a non-insurance component, the whole of such products or assets shall be considered part of the insurance business.

6.4 That the business of the Registered Bank does not constitute a predominant proportion of the business of the Commonwealth Bank of Australia.

6.5 That no appointment to the position of the New Zealand chief executive officer of the Registered Bank shall be made unless:

- (i) the Reserve Bank has been supplied with a copy of the curriculum vitae of the proposed appointee; and
- (ii) the Reserve Bank has advised that it has no objection to that appointment.

6.6 That the Commonwealth Bank of Australia complies with the requirements imposed on it by the Australian Prudential Regulation Authority.

6.7 That the Commonwealth Bank of Australia complies with the following minimum capital adequacy requirements, as administered by the Australian Prudential Regulation Authority:

- Tier One Capital of the Commonwealth Bank of Australia is not less than 4 percent of risk weighted exposures;
- Capital of the Commonwealth Bank of Australia is not less than 8 percent of risk weighted exposures.

6.8 That liabilities of the Registered Bank in New Zealand, net of amounts due to related parties (including amounts due to a subsidiary or affiliate of the Registered Bank), do not exceed NZ\$15 billion.

6.9 That retail deposits of the Registered Bank in New Zealand do not exceed \$200 million. For the purposes of this condition retail deposits are defined as deposits by natural persons, excluding deposits with an outstanding balance which exceeds \$250,000.

6.10 For the purposes of these conditions of registration, the term "Banking Group" means the New Zealand operations of the Commonwealth Bank of Australia and those subsidiaries of the Commonwealth Bank of Australia (except those which conduct life assurance business) whose business is required to be reported in financial statements for the group's New Zealand business prepared in accordance with Section 9(2) of the Financial Reporting Act 1993.

There have been no changes to the conditions of registration since the signing of the previous disclosure statement (for the year ended 30 June 2008).

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## 7.0 Credit Rating of Commonwealth Bank of Australia

7.1 As at the date of the signing of this General Short Form Disclosure Statement, the following ratings were assigned to the Commonwealth Bank of Australia's long term debt:

Rating Agency	Current Long Term Rating
Fitch Ratings	AA
Moody's Investors Service, Inc.	Aa1
Standard & Poor's (Australia) Pty Limited	AA

The Moody's rating was raised from Aa3 to Aa1 on 4 May 2007. The Standard and Poor's rating was raised from AA- to AA on 21 February 2007. The Fitch rating was affirmed as AA on 24 January 2008. The outlook from all agencies is stable.

## 7.2 Long Term Debt Rating Definitions

Long Term Debt Rating	Fitch (a)	Moody's (b)	S&P (a)
Highest quality / Extremely strong capacity to pay interest and principal	AAA	Aaa	AAA
High quality / Very strong	AA	Aa	AA
Upper medium grade / Strong	A	A	A
Medium grade (lowest investment grade) / Adequate	BBB	Baa	BBB
Predominantly speculative / Less near term vulnerability to default	BB	Ba	BB
Speculative, low grade / Greater vulnerability	B	B	B
Poor to default / Identifiable vulnerability	CCC	Caa	CCC
Highest speculations	CC	Ca	CC
Lowest quality, no interest	C	C	C
In payment default, in arrears - questionable value	D	-	D

(a) Fitch and S&P apply plus (+) or minus (-) signs to ratings from 'AA' to 'CCC' to indicate relative standing within the major rating categories.

(b) Moody's applies numeric modifiers to each generic rating category from Aa to B, indicating that the counterparty is (1) in the higher end of its letter-rating category, (2) in mid-range, (3) in lower end.

## 8.0 Risk Management

There have been no material changes to the Banking Group's policies for managing risk, or material exposures to new types of risk, since the previous General Disclosure Statement (30 June 2008).

**9.0 The Directors' and the New Zealand Chief Executive Officer's Statement of Part A - Banking Group**

9.1 Each Director and the New Zealand Chief Executive Officer believes, after due enquiry, that:

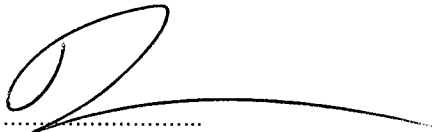
- the disclosure statement contains all the information required by the Registered Bank Disclosure Statement (Off-Quarter - Overseas Incorporated Registered Banks) Order 2008 for the Banking Group; and
- the disclosure statement is not false or misleading

as at the date on which the Disclosure Statement is signed.

9.2 Each Director and the New Zealand Chief Executive Officer believes, after due enquiry, that:

- the Registered Bank has complied with the Conditions of Registration imposed by the Reserve Bank under section 74 of the Reserve Bank of New Zealand Act 1989; and
- the Registered Bank had systems in place to monitor and control adequately the Banking Group's material risks, including credit risk, concentration of credit risk, interest rate risk, currency risk, equity risk, liquidity risk and other material business risks, and that those systems were being properly applied over the Accounting Period.

**The disclosure statement is signed by the New Zealand Chief Executive Officer of the Commonwealth Bank of Australia who has relied on financial information in the separate disclosure statement lodged by ASB Bank Limited and signed by the ASB Bank Limited Directors.**

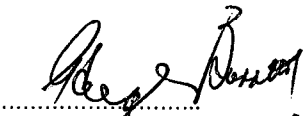


A.J. (Andrew) Woodward

20 November 2008

**The disclosure statement is signed by or on behalf of all the Directors of the Commonwealth Bank of Australia who have relied on financial information in the separate disclosure statement lodged by ASB Bank Limited and signed by the ASB Bank Limited Directors.**

**For, and on behalf of, the Board of Directors, which authorised the issue of the financial report on 20 November 2008.**



G.H. (Hugh) Burrett  
Responsible Person

20 November 2008

# Income Statement

		<b>Banking Group</b>		
		<b>Unaudited 30-Sep-08 3 months</b>	Unaudited 30-Sep-07 3 months	Audited 30-Jun-08 12 months
<i>For the period ended</i>				
<i>\$ millions</i>				
	Note			
Interest Income		1,445	1,193	5,147
Interest Expense		1,195	950	4,128
<b>Net Interest Earnings</b>		<b>250</b>	243	1,019
Other Income	2	68	83	331
<b>Total Operating Income</b>		<b>318</b>	326	1,350
Impairment Losses on Advances	9	19	5	47
<b>Total Operating Income after Impairment Losses</b>		<b>299</b>	321	1,303
<b>Total Operating Expenses</b>		<b>169</b>	150	595
Salaries and Other Staff Expenses		101	88	351
Building Occupancy and Equipment Expenses		27	24	101
Information Technology Expenses		16	13	54
Other Expenses		25	25	89
<b>Net Profit before Taxation</b>		<b>130</b>	171	708
Taxation		35	56	218
<b>Net Profit after Taxation</b>		<b>95</b>	115	490
Less: Minority Interests		9	8	34
<b>Net Profit after Taxation Attributed to Parent Company Shareholders</b>		<b>86</b>	107	456

Interest Rate Swaps which are transacted as economic hedges of interest rate risk, but which do not qualify for hedge accounting under NZ IAS 39 *Financial Instruments: Recognition and Measurement*, are accounted for at fair value. Changes in the fair value of these swaps are reflected in the Income Statement immediately when they occur. This can create an accounting inconsistency, as changes in the fair value of the swaps cannot be offset against changes in the fair value or cash flows attributable to the underlying transaction.

Other Income for the three months ended 30 September 2008 included a loss of \$15m before income tax from such swaps (30 September 2007 loss of \$28m, 30 June 2008 loss of \$98m).

Refer to Note 2 for more information on fair value gains and losses on financial instruments.

These statements are to be read in conjunction with the notes on pages 12 to 26.

## Statement of Recognised Income and Expense

		<b>Banking Group</b>		
		<b>Unaudited 30-Sep-08 3 months</b>	Unaudited 30-Sep-07 3 months	Audited 30-Jun-08 12 months
<i>For the period ended</i>				
<i>\$ millions</i>				
	Note			
<b>Items Recognised Directly in Equity</b>				
Movement in Asset Revaluation Reserves		-	-	2
Net Change in Available for Sale Reserves		<b>(6)</b>	-	19
Net Change in Cash Flow Hedge Reserves		<b>(184)</b>	(35)	(185)
Net Change in Net Investment Hedge		<b>(76)</b>	-	(78)
Currency Translation Differences		<b>76</b>	-	78
Transfer from Asset Revaluation Reserves to Retained Earnings	5	-	-	1
<b>Net Expense Recognised Directly in Equity</b>		<b>(190)</b>	(35)	(163)
Net Profit after Taxation		<b>95</b>	115	490
<b>Total Recognised (Expense) / Income</b>		<b>(95)</b>	80	327
Attributable to:				
Parent Company Shareholders		<b>(104)</b>	72	293
Minority Interests		<b>9</b>	8	34
<b>Total Recognised (Expense) / Income</b>		<b>(95)</b>	80	327

These statements are to be read in conjunction with the notes on pages 12 to 26.

# Balance Sheet

<i>\$ millions</i> <i>As at</i>	Note	<b>Banking Group</b>		
		<b>Unaudited 30-Sep-08</b>	Unaudited 30-Sep-07	Audited 30-Jun-08
<b>ASSETS</b>				
Cash and Call Deposits with the Central Bank		2,319	912	1,155
Due from Other Banks		1,229	786	637
Money Market Advances		126	2,770	1,223
Securities	3	5,256	4,506	5,402
Derivative Assets		2,139	948	1,249
Advances to Customers		57,890	48,800	55,773
Current Taxation Asset		62	-	74
Other Assets		346	280	320
Property, Plant and Equipment		155	154	159
Intangible Assets		385	315	331
<b>Total Assets</b>		<b>69,907</b>	59,471	66,323
<i>Total Interest Earning and Discount Bearing Assets</i>		<b>66,701</b>	57,754	64,070
Financed by:				
<b>LIABILITIES</b>				
Due to Other Banks		7,478	7,360	7,800
Money Market Deposits	4	22,002	16,622	20,040
Derivative Liabilities		1,977	1,165	1,193
Deposits from Customers		28,893	25,535	27,821
Current Taxation Liability		-	104	-
Other Liabilities		649	456	735
Deferred Taxation Liability		98	296	195
Subordinated Debt		5,304	5,125	5,129
<b>Total Liabilities</b>		<b>66,401</b>	56,663	62,913
<b>SHAREHOLDER'S EQUITY</b>				
Head Office Contribution		462	254	262
Contributed Capital - Ordinary Shareholder		704	534	704
Asset Revaluation Reserves		29	27	29
Available for Sale Reserves		13	-	19
Cash Flow Hedge Reserves		(178)	156	6
Retained Earnings	5	655	796	569
<b>Ordinary Shareholder's Equity</b>		<b>1,685</b>	1,767	1,589
Contributed Capital - Redeemable Preference Shareholder		1,271	491	1,271
<b>Total Shareholder's Equity Attributable to Parent Company Shareholders</b>		<b>2,956</b>	2,258	2,860
<b>Minority Interest</b>				
Controlled Entities		550	550	550
<b>Total Shareholder's Equity</b>		<b>3,506</b>	2,808	3,410
<b>Total Liabilities and Shareholder's Equity</b>		<b>69,907</b>	59,471	66,323
<i>Total Interest and Discount Bearing Liabilities</i>		<b>61,788</b>	52,843	58,938

These statements are to be read in conjunction with the notes on pages 12 to 26.

# Cash Flow Statement

		<b>Banking Group</b>		
		<b>Unaudited 30-Sep-08 3 months</b>	Unaudited 30-Sep-07 3 months	Audited 30-Jun-08 12 months
<i>For the period ended</i>				
<i>\$ millions</i>				
	Note			
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Interest Received		1,447	1,156	5,064
Other Income Received		295	57	831
Dividends Received		-	1	3
Interest Paid		(1,042)	( 875)	(4,000)
Operating Expenses		(158)	( 155)	(528)
Net Taxation Paid		(85)	( 24)	(196)
Receipts from Related Parties for Tax Related Items		-	57	22
<b>Cash Flows from Operating Profits before Changes in Operating Assets and Liabilities</b>		<b>457</b>	<b>217</b>	<b>1,196</b>
<b>Changes in Operating Assets and Liabilities:</b>				
Net Decrease / (Increase) in Money Market Advances		1,096	72	(1,813)
Net (Increase) / Decrease in Due from Other Banks (Term)		(605)	488	423
Net Increase in Advances to Customers		(2,121)	(1,041)	(5,202)
Net Decrease / (Increase) in Trading Securities		253	(1,345)	(1,837)
Net Increase in Customer Deposits		1,072	1,035	3,322
Net Increase / (Decrease) in Money Market Deposits		1,168	(1,331)	1,786
Net (Decrease) / Increase in Due to Other Banks (Term)		(348)	292	761
<b>Cash Flows from Operating Assets and Liabilities</b>		<b>515</b>	<b>(1,830)</b>	<b>(2,560)</b>
<b>Net Cash Flows from Operating Activities</b>		<b>972</b>	<b>(1,613)</b>	<b>(1,364)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Cash was provided from:				
Net Decrease / (Increase) in Other Securities		27	( 295)	( 569)
Cash was applied to:				
Acquisition of Subsidiaries Net of Cash Acquired	17	46	-	-
Purchase of Property, Plant and Equipment		11	5	25
Purchase of Intangible Assets		10	6	33
		<b>67</b>	<b>11</b>	<b>58</b>
<b>Net Cash Flows from Investing Activities</b>		<b>(40)</b>	<b>(306)</b>	<b>(627)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Cash was provided from:				
Head Office Contribution	6	200	-	8
Issue of Ordinary Share Capital		-	-	170
Issue of Redeemable Preference Shares		-	-	780
Issue of Subordinated Debt		-	-	531
		<b>200</b>	<b>-</b>	<b>1,489</b>
Cash was applied to:				
Dividends Paid		-	-	540
Dividends Paid to Minority Interest		9	8	34
Repatriation of Profit	5	-	-	8
Redemption of Subordinated Debt		1	-	780
		<b>10</b>	<b>8</b>	<b>1,362</b>
<b>Net Cash Flows from Financing Activities</b>		<b>190</b>	<b>( 8)</b>	<b>127</b>
<b>SUMMARY OF MOVEMENTS IN CASH FLOWS</b>				
Net Increase / (Decrease) in Cash and Cash Equivalents		1,122	( 1,927)	( 1,864)
Add: Cash and Cash Equivalents at Beginning of Period		560	2,424	2,424
<b>Cash and Cash Equivalents at End of Period</b>		<b>1,682</b>	<b>497</b>	<b>560</b>

These statements are to be read in conjunction with the notes on pages 12 to 26.

## Cash Flow Statement (continued)

		<b>Banking Group</b>		
		<b>Unaudited 30-Sep-08 3 months</b>	Unaudited 30-Sep-07 3 months	Audited 30-Jun-08 12 months
<i>For the period ended</i>				
<i>\$ millions</i>				
	Note			
<b>RECONCILIATION OF NET PROFIT AFTER TAXATION TO NET CASH FLOWS FROM OPERATING ACTIVITIES</b>				
<b>Net Profit after Taxation</b>		<b>95</b>	115	490
<b>Add: Non-Cash Items</b>				
Impairment Losses on Advances	9	<b>19</b>	5	47
Depreciation		<b>8</b>	8	35
Amortisation of Intangible Assets		<b>4</b>	3	13
Net Loss on Sale of Property, Plant and Equipment		<b>-</b>	-	1
		<b>31</b>	16	96
<b>Add: Movements in Balance Sheet Items</b>				
Changes in Operating Assets and Liabilities		<b>515</b>	( 1,830)	( 2,560)
Net Increase in Due from Other Banks (Term)		<b>(64)</b>	( 75)	-
Interest Receivable - Increase		<b>-</b>	-	( 171)
Interest Payable Accrued - Increase		<b>219</b>	113	217
Other Income Accrued - Decrease / (Increase)		<b>227</b>	( 24)	502
Operating Expenses Accrued - (Decrease) / Increase		<b>(2)</b>	( 17)	18
Taxation Balances - (Decrease) / Increase		<b>(49)</b>	89	44
		<b>846</b>	(1,744)	(1,950)
<b>Net Cash Flows from Operating Activities</b>		<b>972</b>	(1,613)	(1,364)
<b>RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE BALANCE SHEET</b>				
Cash and Call Deposits with the Central Bank		<b>2,319</b>	912	1,155
Call Deposits Due from Other Banks		<b>27</b>	246	43
Call Deposits Due to Other Banks		<b>(664)</b>	( 661)	( 638)
<b>Total Cash and Cash Equivalents at End of Period</b>		<b>1,682</b>	497	560

These statements are to be read in conjunction with the notes on pages 12 to 26.



# Notes to the Financial Statements

For the period ended 30 September 2008

## 1 Statement of Accounting Policies

The financial statements of the Banking Group incorporated in this General Short Form Disclosure Statement have been prepared in accordance with NZ IAS 34 *Interim Financial Reporting* and should be read in conjunction with the 30 June 2008 General Disclosure Statement.

There have been no material changes to accounting policies in the three months ended 30 September 2008. All policies have been applied on a basis consistent with that used in the financial year ended 30 June 2008.

Certain comparatives have been reclassified to conform with the current period's presentation.

\$ millions  
For the period ended

	<b>Banking Group</b>		
	<b>Unaudited</b>	Unaudited	Audited
	<b>30-Sep-08</b>	30-Sep-07	30-Jun-08
	<b>3 months</b>	3 months	12 months
<b>Net Fair Value (Loss) / Gain from:</b>			
Trading Securities	19	1	3
Derivatives transacted as Hedges but not Qualifying for Hedge Accounting	(15)	(28)	(98)
Other Derivatives	557	567	2,021
Financial Assets Designated as at Fair Value through Profit or Loss	663	47	193
Financial Liabilities Designated as at Fair Value through Profit or Loss	(1,980)	(453)	(1,022)
Available for Sale Financial Assets	-	-	45
<b>Total Net Fair Value (Loss) / Gain</b>	<b>(756)</b>	134	1,142
<b>Ineffective Portion of Hedges</b>			
Fair Value Hedge Ineffectiveness:			
Gain on Hedged Items	49	61	126
Loss on Hedging Instruments	(54)	(64)	(134)
Cash Flow Hedge Ineffectiveness	( 37)	18	5
<b>Total Ineffective Portion of Hedges</b>	<b>( 42)</b>	15	(3)
<b>Net Foreign Exchange Translation Gain / (Loss) on Financial Instruments not measured at Fair Value</b>	<b>767</b>	( 147)	( 1,156)
<b>Total Other Operating Income</b>	<b>99</b>	81	348
<b>Total Other Income</b>	<b>68</b>	83	331

# Notes to the Financial Statements

For the period ended 30 September 2008

<i>\$ millions</i> As at	<b>Banking Group</b>		
	<b>Unaudited 30-Sep-08</b>	Unaudited 30-Sep-07	Audited 30-Jun-08
<b>3 Securities</b>			
<b>Trading Securities</b>			
Local Authority Securities	74	97	84
New Zealand Government Securities	346	30	64
Treasury Bills	535	429	738
Bank Bills	1,501	1,970	1,800
Other	916	585	921
<b>Total Trading Securities</b>	<b>3,372</b>	3,111	3,607
Other Securities Designated as at Fair Value through Profit or Loss	1,854	1,395	1,759
Securities Designated as Available for Sale	30	-	36
<b>Total Securities</b>	<b>5,256</b>	4,506	5,402
Fair Value of Securities pledged under repurchase agreements or other arrangements:			
New Zealand Government Securities	10	-	10

## 4 Money Market Deposits

Money Market Deposits are measured as follows:

### (a) At Amortised Cost

Term	100	-	-
Certificates of Deposit	543	-	-
Other Issued Paper	4,247	2,941	4,051
<b>Total Amortised Cost</b>	<b>4,890</b>	2,941	4,051

### (b) At Fair Value through Profit or Loss

Call	2,521	2,639	2,380
Term	1,462	1,564	1,467
Non-interest Bearing	120	31	133
Certificates of Deposit	1,320	3,001	1,920
Other Issued Paper	11,689	6,446	10,089
<b>Total Fair Value through Profit or Loss</b>	<b>17,112</b>	13,681	15,989

### Total Money Market Deposits

<b>22,002</b>	16,622	20,040
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As at 30 September 2008 the Registered Bank did not have any retail deposits (deposits with natural persons, excluding deposits with an outstanding balance which exceeds \$250,000) (30 September 2007 Nil, 30 June 2008 Nil).

# Notes to the Financial Statements

For the period ended 30 September 2008

<i>\$ millions</i> As at	<b>Banking Group</b>		
	<b>Unaudited 30-Sep-08</b>	Unaudited 30-Sep-07	Audited 30-Jun-08
<b>5 Retained Earnings</b>			
Balance at Beginning of Period	569	689	689
Net Profit after Taxation Attributed to Parent Company Shareholders	86	107	456
Add:			
Transfer from Asset Revaluation Reserves	-	-	1
Less:			
Ordinary Dividends	-	-	510
Redeemable Preference Dividends	-	-	59
Distribution of Prior Year Profit	-	-	8
<b>Balance at End of Period</b>	<b>655</b>	796	569

## 6 Other Transactions with Owners during the Period

On 25 September 2008 the Registered Bank received an additional \$200m Head Office Contribution from the parent bank, CBA.

There have been no other changes to Issued Capital during the three months ended 30 September 2008.

## 7 Related Party Balances

The ultimate parent bank is CBA. The Commonwealth Bank Group refers to CBA and the various companies and other entities owned and controlled by CBA. Commonwealth Bank of Australia New Zealand Life Insurance Group includes Colonial Group and ASB Group (Life) Limited Group of Companies.

During the three months ended 30 September 2008, the Banking Group has entered into, or had in place various financial transactions with members of the Commonwealth Bank Group, and other related parties. ASB Bank Limited provides administrative functions to some subsidiaries and related companies for which no payments have been made. In all other cases, arrangements with related parties were conducted on an arm's length basis and on normal commercial terms, and within the Banking Group's approved policies. Loans to and borrowings from related parties are unsecured.

The following balances represent amounts due from and to related parties classified within Due from / to Other Banks, Subordinated Debt, Other Assets and Other Liabilities:

### Amounts Due from Related Parties

Commonwealth Bank Group (100% Ultimate Shareholder)	452	260	173
Commonwealth Bank of Australia New Zealand Life Insurance Group (Subsidiaries of Commonwealth Bank Group)	4	7	8
<b>Total Amounts Due from Related Parties</b>	<b>456</b>	267	181

### Amounts Due to Related Parties

Commonwealth Bank Group (100% Ultimate Shareholder)	12,510	12,971	12,381
Commonwealth Bank of Australia New Zealand Life Insurance Group (Subsidiaries of Commonwealth Bank Group)	613	584	568
<b>Total Amounts Due to Related Parties</b>	<b>13,123</b>	13,556	12,949

The total liabilities of the Registered Bank net of amounts due to related parties were \$209m as at 30 September 2008 (30 September 2007 \$39m, 30 June 2008 \$125m).

# Notes to the Financial Statements

For the period ended 30 September 2008

\$ millions

## 8 Asset Quality

**As at 30 September 2008**  
**Unaudited**

### 90-day Past Due Assets

	<b>Banking Group</b>			
	<b>Residential Mortgages</b>	<b>Other Retail</b>	<b>Corporate</b>	<b>Total</b>
Balance at Beginning of Period	92	22	30	144
Additions	22	9	18	49
Less: Amounts Written Off	3	1	2	6
<b>Balance at End of Period</b>	<b>111</b>	<b>30</b>	<b>46</b>	<b>187</b>

There were no undrawn balances on lending commitments to counterparties within the 90-day Past Due Asset category as at 30 September 2008 (30 September 2007 Nil, 30 June 2008 Nil).

### Impaired Assets

Balance at Beginning of Period	8	1	21	30
Additions	4	1	16	21
Less: Amounts Written Off	-	-	4	4
Gross Advances Individually Determined to be Impaired	12	2	33	47
Less : Individually Assessed Provisions for Impairment Loss	7	-	13	20
<b>Net Advances Individually Determined to be Impaired</b>	<b>5</b>	<b>2</b>	<b>20</b>	<b>27</b>

Undrawn balances on lending commitments to counterparties within the Impaired Asset category were \$1m for the Banking Group as at 30 September 2008 (30 September 2007 Nil, 30 June 2008 \$1m).

Interest forgone is the amount of income that would have been recorded if interest accruals on specific loans had not been set to Nil and is estimated based on market rates. Under New Zealand equivalents to International Financial Reporting Standards, interest on impaired on assets is no longer reserved and therefore no interest has been forgone.

### Other Assets Under Administration

Balance at Beginning of Period	9	1	5	15
Additions	-	3	7	10
<b>Balance at End of Period</b>	<b>9</b>	<b>4</b>	<b>12</b>	<b>25</b>

Undrawn balances on lending commitments to counterparties within the Other Assets Under Administration category were \$1m for the Banking Group as at 30 September 2008 (30 September 2007 \$1m, 30 June 2008 \$1m).

As at 30 September 2008 the Banking Group did not have any financial assets, real estate assets or other assets, acquired through the enforcement of security, nor any restructured assets (30 September 2007 Nil, 30 June 2008 Nil).

The aggregate amount of Advances designated as at Fair Value through Profit or Loss as at 30 September 2008 was \$1,262m (30 September 2007 \$3,717m, 30 June 2008 \$1,933m). The maximum exposure to credit risk for Due From Other Banks and Money Market Advances is represented by their carrying values.

# Notes to the Financial Statements

For the period ended 30 September 2008

## Banking Group

\$ millions

### 8 Asset Quality (continued)

As at 30 September 2007  
Unaudited

#### 90-day Past Due Assets

	Residential Mortgages	Other Retail	Corporate	Total
Balance at Beginning of Period	47	19	20	86
(Deletions) / Additions	(4)	4	(6)	(6)
Less: Amounts Written Off	1	1	1	3
<b>Balance at End of Period</b>	<b>42</b>	<b>22</b>	<b>13</b>	<b>77</b>

#### Impaired Assets

Balance at Beginning of Period	1	2	7	10
Additions / (Deletions)	1	(1)	(1)	(1)
Less: Amounts Written Off	1	-	-	1
Gross Advances Individually Determined to be Impaired	1	1	6	8
Less : Individually Assessed Provisions for Impairment Loss	-	1	5	6
<b>Net Advances Individually Determined to be Impaired</b>	<b>1</b>	<b>-</b>	<b>1</b>	<b>2</b>

#### Other Assets Under Administration

Balance at Beginning of Period	7	2	-	9
Deletions	(1)	-	-	(1)
<b>Balance at End of Period</b>	<b>6</b>	<b>2</b>	<b>-</b>	<b>8</b>

As at 30 June 2008  
Audited

#### 90-day Past Due Assets

Balance at Beginning of Year	47	19	20	86
Additions	55	5	13	73
Less: Amounts Written Off	10	2	3	15
<b>Balance at End of Year</b>	<b>92</b>	<b>22</b>	<b>30</b>	<b>144</b>

#### Impaired Assets

Balance at Beginning of Year	1	2	7	10
Additions	7	-	24	31
Less: Amounts Written Off	-	1	10	11
Gross Advances Individually Determined to be Impaired	8	1	21	30
Less : Individually Assessed Provisions for Impairment Loss	5	1	16	22
<b>Net Advances Individually Determined to be Impaired</b>	<b>3</b>	<b>-</b>	<b>5</b>	<b>8</b>

#### Other Assets Under Administration

Balance at Beginning of Year	7	2	-	9
Deletions	(7)	(1)	-	(8)
<b>Balance at End of Year</b>	<b>-</b>	<b>1</b>	<b>-</b>	<b>1</b>

# Notes to the Financial Statements

For the period ended 30 September 2008

\$ millions

## Banking Group

### 9 Provisions for Impairment Loss

As at 30 September 2008

Unaudited

#### Collective Provision

	Residential Mortgages	Other Retail	Corporate	Total
Balance at Beginning of Period	16	30	54	100
Charged to Income Statement	5	6	1	12
<b>Balance at End of Period</b>	<b>21</b>	<b>36</b>	<b>55</b>	<b>112</b>

#### Individually Assessed Provisions

Balance at Beginning of Period	5	1	16	22
Add / (Less):				
Charged to Income Statement:				
New Provisions	2	-	3	5
Amounts Recovered	-	(1)	(2)	(3)
Write Offs Against Individually Assessed Provisions	-	-	(4)	(4)
<b>Balance at End of Period</b>	<b>7</b>	<b>-</b>	<b>13</b>	<b>20</b>
<b>Total Provisions for Impairment Loss</b>	<b>28</b>	<b>36</b>	<b>68</b>	<b>132</b>

#### Impairment Losses Charged to the Income Statement

Movement in Collective Provision	5	6	1	12
Movement in Individually Assessed Provisions	2	(1)	1	2
Bad Debts Written Off	3	1	2	6
Bad Debts Recovered	(1)	-	-	(1)
<b>Total Impairment Losses Charged to the Income Statement</b>	<b>9</b>	<b>6</b>	<b>4</b>	<b>19</b>

As at 30 September 2007

Unaudited

#### Collective Provision

Balance at Beginning of Period	5	38	47	90
Charged to Income Statement	1	9	(8)	2
<b>Balance at End of Period</b>	<b>6</b>	<b>47</b>	<b>39</b>	<b>92</b>

#### Individually Assessed Provisions

Balance at Beginning of Period	1	1	5	7
Add / (Less):				
Charged to Income Statement:				
New Provisions	-	-	-	-
Write Offs Against Individually Assessed Provisions	(1)	-	-	(1)
<b>Balance at End of Period</b>	<b>-</b>	<b>1</b>	<b>5</b>	<b>6</b>
<b>Total Provisions for Impairment Loss</b>	<b>6</b>	<b>48</b>	<b>44</b>	<b>98</b>

#### Impairment Losses Charged to the Income Statement

Movement in Collective Provision	1	9	(8)	2
Movement in Individually Assessed Provisions	-	-	-	-
Bad Debts Written Off	1	1	1	3
Bad Debts Recovered	-	-	-	-
<b>Total Impairment Losses Charged to the Income Statement</b>	<b>2</b>	<b>10</b>	<b>(7)</b>	<b>5</b>

# Notes to the Financial Statements

For the period ended 30 September 2008

## Banking Group

\$ millions

### 9 Provisions for Impairment Loss (continued)

As at 30 June 2008

Audited

#### Collective Provision

Balance at Beginning of Year	5	38	47	90
Charged to Income Statement	11	(8)	7	10
<b>Balance at End of Year</b>	<b>16</b>	<b>30</b>	<b>54</b>	<b>100</b>

#### Individually Assessed Provisions

Balance at Beginning of Year	1	1	5	7
Add / (Less):				
Charged to Income Statement:				
New Provisions	5	1	23	29
Amounts Recovered	(1)	-	(2)	(3)
Write Offs Against Individually Assessed Provisions	-	(1)	(10)	(11)
<b>Balance at End of Year</b>	<b>5</b>	<b>1</b>	<b>16</b>	<b>22</b>
<b>Total Provisions for Impairment Loss</b>	<b>21</b>	<b>31</b>	<b>70</b>	<b>122</b>

#### Impairment Losses Charged to the Income Statement

Movement in Collective Provision	11	(8)	7	10
Movement in Individually Assessed Provisions	4	1	21	26
Bad Debts Written Off	10	2	3	15
Bad Debts Recovered	(2)	(1)	(1)	(4)
<b>Total Impairment Losses Charged to the Income Statement</b>	<b>23</b>	<b>(6)</b>	<b>30</b>	<b>47</b>

# Notes to the Financial Statements

For the period ended 30 September 2008

## 10 Capital Adequacy

### RISK WEIGHTED EXPOSURES

As at 30 September 2008 Unaudited	Banking Group		
	Principal Amount \$ millions	Risk Weight %	Risk Weighted Exposure \$ millions
<b>Balance Sheet Exposures</b>			
Cash and Short Term Claims on Government	4,098	-	-
Long Term Claims on Government	354	10	35
Claims on Banks	3,826	20	765
Claims on Public Sector Entities	478	20	96
Claims Secured by Residential Mortgages	37,058	50	18,529
Other	21,539	100	21,539
Non-risk Weighted Assets	2,169	-	-
<b>Total Balance Sheet Exposures</b>	<b>69,522</b>		<b>40,964</b>

(excludes Intangible Assets and Goodwill)

	Principal Amount \$ millions	Credit Conversion Factor %	Credit Equivalent Amount \$ millions	Average Counterparty Risk Weight %	Risk Weighted Exposure \$ millions
<b>Off Balance Sheet Exposures</b>					
Direct Credit Substitutes	262	100	262	100	262
Commitments with Certain Drawdown	950	100	950	61	576
Underwriting and Sub-underwriting Facilities	-	50	-	100	-
Transaction Related Contingent Items	83	50	42	100	42
Short Term, Self-liquidating Trade Related Contingencies	18	20	4	100	4
Other Commitments to Provide Financial Services with Original Maturity of:					
One Year or More	2,644	50	1,322	100	1,322
Less Than One Year or Can Be Cancelled at any time	7,321	-	-	-	-
Market Related Contracts (Current Exposure):					
Foreign Exchange Contracts	29,841	6.6	1,971	23	449
Interest Rate Contracts	116,037	1.0	1,191	23	274
Other	9	22.2	2	-	-
<b>Total Off Balance Sheet Exposures</b>					<b>2,929</b>
<b>Total Risk Weighted Exposures</b>					<b>43,893</b>



# Notes to the Financial Statements

For the period ended 30 September 2008

## 10 Capital Adequacy (continued)

### RISK WEIGHTED EXPOSURES (continued)

As at 30 September 2007 Unaudited	Banking Group		
	Principal Amount \$ millions	Risk Weight %	Risk Weighted Exposure \$ millions
<b>Balance Sheet Exposures</b>			
Cash and Short Term Claims on Government	1,714	-	-
Long Term Claims on Government	866	10	87
Claims on Banks	3,507	20	702
Claims on Public Sector Entities	193	20	39
Claims Secured by Residential Mortgages	34,085	50	17,043
Other	17,852	100	17,852
Non-risk Weighted Assets	939	-	-
<b>Total Balance Sheet Exposures</b>	<b>59,156</b>		<b>35,723</b>

(excludes Intangible Assets and Goodwill)

	Principal Amount \$ millions	Credit Conversion Factor %	Credit Equivalent Amount \$ millions	Average Counterparty Risk Weight %	Risk Weighted Exposure \$ millions
<b>Off Balance Sheet Exposures</b>					
Direct Credit Substitutes	157	100	157	100	157
Commitments with Certain Drawdown	1,116	100	1,116	60	672
Underwriting and Sub-underwriting Facilities	101	50	51	100	51
Transaction Related Contingent Items	56	50	28	100	28
Short Term, Self-liquidating Trade Related Contingencies	19	20	4	100	4
Other Commitments to Provide Financial Services with Original Maturity of:					
One Year or More	1,671	50	836	100	836
Less Than One Year or Can Be Cancelled at any time	7,022	-	-	-	-
Market Related Contracts (Current Exposure):					
Foreign Exchange Contracts	24,801	4.1	1,020	27	272
Interest Rate Contracts	85,975	0.9	793	22	174
Other	26	11.5	3	100	3
<b>Total Off Balance Sheet Exposures</b>					<b>2,197</b>
<b>Total Risk Weighted Exposures</b>					<b>37,920</b>

# Notes to the Financial Statements

For the period ended 30 September 2008

## 10 Capital Adequacy (continued)

### RISK WEIGHTED EXPOSURES (continued)

As at 30 June 2008 Audited	Banking Group		
	Principal Amount \$ millions	Risk Weight %	Risk Weighted Exposure \$ millions
<b>Balance Sheet Exposures</b>			
Cash and Short Term Claims on Government	2,349	-	-
Long Term Claims on Government	677	10	68
Claims on Banks	3,839	20	768
Claims on Public Sector Entities	221	20	44
Claims Secured by Residential Mortgages	36,437	50	18,219
Other	21,217	100	21,217
Non-risk Weighted Assets	1,252	-	-
<b>Total Balance Sheet Exposures</b>	<b>65,992</b>		<b>40,316</b>

(excludes Intangible Assets and Goodwill)

	Principal Amount \$ millions	Credit Conversion Factor %	Credit Equivalent Amount \$ millions	Average Counterparty Risk Weight %	Risk Weighted Exposure \$ millions
<b>Off Balance Sheet Exposures</b>					
Direct Credit Substitutes	209	100	209	100	209
Commitments with Certain Drawdown	1,088	100	1,088	60	654
Underwriting and Sub-underwriting Facilities	1	50	1	100	1
Transaction Related Contingent Items	83	50	42	100	42
Short Term, Self-liquidating Trade Related Contingencies	20	20	4	100	4
Other Commitments to Provide Financial Services with Original Maturity of:					
One Year or More	2,230	50	1,115	100	1,115
Less Than One Year or Can Be Cancelled at any time	7,388	-	-	-	-
Market Related Contracts (Current Exposure):					
Foreign Exchange Contracts	27,638	4.0	1,199	25	300
Interest Rate Contracts	122,306	1.0	807	22	181
Other	27	26.0	7	100	7
<b>Total Off Balance Sheet Exposures</b>					<b>2,513</b>
<b>Total Risk Weighted Exposures</b>					<b>42,829</b>

# Notes to the Financial Statements

For the period ended 30 September 2008

## 10 Capital Adequacy (continued)

### RISK WEIGHTED EXPOSURES (continued)

As at 30 September 2008 Unaudited	Registered Bank		
	Principal Amount \$ millions	Risk Weight %	Risk Weighted Exposure \$ millions
<b>Balance Sheet Exposures</b>			
Cash and Short Term Claims on Government	405	-	-
Claims on Banks	4,024	20	805
Other	6,640	100	6,640
Non-risk Weighted Assets	194	-	-
<b>Total Balance Sheet Exposures</b>	<b>11,263</b>		<b>7,445</b>

	Principal Amount \$ millions	Credit Conversion Factor %	Credit Equivalent Amount \$ millions	Average Counterparty Risk Weight %	Risk Weighted Exposure \$ millions
<b>Off Balance Sheet Exposures</b>					
Other Commitments to Provide Financial Services with Original Maturity of:					
One Year or More	2,187	50	1,093	100	1,093
Less Than One Year or Can Be Cancelled at Any Time	651	-	-	-	-
Market Related Contracts (Current Exposure):					
Foreign Exchange Contracts	4,973	5.0	249	30	74
Interest Rate Contracts	2,134	0.5	11	27	3
<b>Total Off Balance Sheet Exposures</b>					<b>1,170</b>
<b>Total Risk Weighted Exposures</b>					<b>8,615</b>

As at 30 September 2007 Unaudited	Registered Bank		
	Principal Amount \$ millions	Risk Weight %	Risk Weighted Exposure \$ millions
<b>Balance Sheet Exposures</b>			
Cash and Short Term Claims on Government	408	-	-
Claims on Banks	3,820	20	764
Other	5,629	100	5,629
Non-risk Weighted Assets	30	-	-
<b>Total Balance Sheet Exposures</b>	<b>9,887</b>		<b>6,393</b>

	Principal Amount \$ millions	Credit Conversion Factor %	Credit Equivalent Amount \$ millions	Average Counterparty Risk Weight %	Risk Weighted Exposure \$ millions
<b>Off Balance Sheet Exposures</b>					
Other Commitments to Provide Financial Services with Original Maturity of:					
One Year or More	1,273	50	637	100	637
Less Than One Year or Can Be Cancelled at Any Time	822	-	-	-	-
Market Related Contracts (Current Exposure):					
Foreign Exchange Contracts	4,757	4.7	225	27	61
Interest Rate Contracts	1,959	1.3	25	32	8
<b>Total Off Balance Sheet Exposures</b>					<b>706</b>
<b>Total Risk Weighted Exposures</b>					<b>7,099</b>

# Notes to the Financial Statements

For the period ended 30 September 2008

## 10 Capital Adequacy (continued)

### RISK WEIGHTED EXPOSURES (continued)

As at 30 June 2008 Audited	Registered Bank		
	Principal Amount \$ millions	Risk Weight %	Risk Weighted Exposure \$ millions
<b>Balance Sheet Exposures</b>			
Cash and Short Term Claims on Government	499	-	-
Claims on Banks	3,738	20	748
Other	6,623	100	6,623
Non-risk Weighted Assets	268	-	-
<b>Total Balance Sheet Exposures</b>	<b>11,128</b>		<b>7,371</b>

Principal Amount \$ millions	Credit Conversion Factor %	Credit Equivalent Amount \$ millions	Average Counterparty Risk Weight %	Risk Weighted Exposure \$ millions
------------------------------------	-------------------------------------	---	---	---

### Off Balance Sheet Exposures

Other Commitments to Provide Financial Services with Original Maturity of:

One Year or More	1,763	50	881	100	881
Less Than One Year or Can Be Cancelled at Any Time	634	-	-	-	-

Market Related Contracts (Current Exposure):

Foreign Exchange Contracts	4,776	5.0	239	29	69
Interest Rate Contracts	1,978	0.5	11	29	3

**Total Off Balance Sheet Exposures**

**953**

**Total Risk Weighted Exposures**

**8,324**

### CAPITAL ADEQUACY OF OVERSEAS BANK

The Overseas Bank and the Overseas Banking Group's Capital Ratios <sup>(1)</sup> throughout the 2007 and 2008 financial years exceeded both APRA minimum capital adequacy requirements.

\$ millions As at 30 June	Overseas Bank		Overseas Banking Group	
	Basel II 2008 Audited	Basel I 2007 Audited	Basel II 2008 Audited	Basel I 2007 Audited
Tier One Capital as a % of Risk Weighted Exposures	8.4%	7.1%	8.2%	7.1%
Minimum Tier One Capital (%) required by APRA	4.0%	4.0%	4.0%	4.0%
Total Capital as a % of Risk Weighted Exposures	10.3%	10.5%	11.6%	9.8%
Minimum Total Capital (%) required by APRA	8.0%	8.0%	8.0%	8.0%

(1) June 2008 regulatory capital is calculated in accordance with Basel II rules and methodology which was effective from 1 January 2008. The Basel II ratios quoted in the table above do not make allowance for interest rate risk in the banking book, which is not effective until 1 July 2008. The June 2007 regulatory capital is reported in accordance with Basel I rules and methodology.

# Notes to the Financial Statements

For the period ended 30 September 2008

## 11 Market Risk Capital Charges

The Market Risk Methodology is intended to attribute a dollar value amount to the market risk a registered bank is exposed to, based on the structure of its Balance Sheet positions, using the process prescribed by the Reserve Bank of New Zealand.

The Market Risk Exposures have been prepared on the basis of actual exposures.

Unaudited	Banking Group								
	Interest Rate Risk	Foreign Currency Risk	Equity Risk	Interest Rate Risk	Foreign Currency Risk	Equity Risk	Interest Rate Risk	Foreign Currency Risk	Equity Risk
<b>Exposures as at</b>	<b>30 September 2008</b>			30 September 2007			30 June 2008		
Implied Risk-weighted Exposure	2,306	276	31	1,769	250	-	2,313	213	36
Notional Capital Charge	184	22	2	134	20	-	185	17	3
Notional Capital Charge as a % of Overseas Banking Group's Balance Date Equity	0.6%	0.1%	-	0.5%	0.1%	-	0.6%	0.1%	-
<b>Peak Exposures for the Three Months Ended</b>	<b>30 September 2008</b>			30 September 2007			30 June 2008		
Implied Risk-weighted Exposure	2,677	337	34	1,769	250	-	2,613	350	38
Notional Capital Charge	214	27	3	140	20	-	209	28	3
Notional Capital Charge as a % of Overseas Banking Group's Balance Date Equity	0.6%	0.1%	-	0.5%	0.1%	-	0.6%	0.1%	-

The equity measure used is the Overseas Banking Group's Total Shareholder's Equity as at 30 June 2008 (30 September 2007 relates to 30 June 2007).

## 12 Residential Mortgages by Loan-to-Valuation Ratio ("LVR")

As at 30 September 2008

Unaudited

LVR Range

Value of Exposures (Drawn and Undrawn)

Expressed as a Percentage of Total Exposures

Banking Group					
0%-59%	60%-69%	70%-79%	80%-89%	90%-100%	Total
\$ millions	\$ millions	\$ millions	\$ millions	\$ millions	\$ millions
12,832	7,793	14,436	4,798	1,768	41,627
30.8%	18.7%	34.7%	11.5%	4.3%	100%

LVR data has been derived in accordance with the RBNZ Capital Adequacy Framework *The Standardised Approach* (BS2A). Exposures comprise Balance Sheet claims secured by residential mortgages and undrawn commitments that when drawn down will be secured by mortgage over residential property.

Certain loans within the above table are insured by third parties. Exposures with Lender's Mortgage Insurance ("LMI") within each LVR range are set out below.

Percentage of Exposures:

with 100% LMI	0.9%	0.7%	1.0%	0.5%	0.1%	0.8%
with top 20% LMI	5.1%	7.8%	7.5%	22.6%	27.1%	9.4%

## 13 Insurance Business and Non-financial Activities

The Banking Group does not conduct any insurance business. However, general and life insurance products are marketed through ASB Bank Limited's branch network. The life insurance products are underwritten by Sovereign Assurance Company Limited, a 100% owned subsidiary of ASB Group (Life) Limited. Information about insurance business conducted by the Life Group is contained in Part B New Zealand Life Insurance Group Disclosures.

CBA does not conduct any non-financial activities in New Zealand.

# Notes to the Financial Statements

For the period ended 30 September 2008

## 14 Issue and Repayment of Subordinated Debt and Equity Securities

Redeemable Preference Shares of \$1m issued by ASB Holdings Limited and classified as Subordinated Debt were repaid on 31 July 2008.

There were no issues or repayments of equity securities during the three months ended 30 September 2008.

## 15 Financial Reporting by Segments

\$ millions	Banking Group				Total
	Retail	Relationship	Wholesale	Other	
<b>PRIMARY SEGMENT INFORMATION: BUSINESS</b>					
<b>As at 30 September 2008</b>					
<b>Unaudited</b>					
Total Operating Income	162	115	59	(18)	318
Net Profit Before Taxation	48	64	47	(29)	130
<b>As at 30 September 2007</b>					
<b>Unaudited</b>					
Total Operating Income	156	99	73	(2)	326
Net Profit Before Taxation	74	80	64	(47)	171
<b>As at 30 June 2008</b>					
<b>Audited</b>					
Total Operating Income	649	417	161	123	1,350
Net Profit Before Taxation	307	319	127	(45)	708

**Retail Banking:** The Retail Banking Segment provides services to private individuals. Its range of products includes loans and deposits, current accounts and credit cards.

**Relationship Banking:** The Relationship Banking Segment provides services to commercial, business, corporate, institutional and rural customers.

**Wholesale Banking:** The Wholesale Banking Segment incorporates transactions booked through ASB Bank Limited's Treasury and Financial Markets Division, including financial instruments trading, foreign currency transactions, debt issues and Certificates of Deposit, and structured financing.

**Other:** The Other Segment comprises other operations, none of which constitutes a separately reportable segment.

Operating Income in each segment includes transfer pricing adjustments to reflect intersegment funding arrangements. Intersegment pricing is determined on an arm's length basis. Charges are eliminated within the Banking Group.

## 16 Concentration of Credit Exposures to Individual Counterparties

There are no credit exposures to individual counterparties greater than 10% of Commonwealth Bank of Australia's 30 September 2008 equity (30 September 2007 Nil, 30 June 2008 Nil).

# Notes to the Financial Statements

For the period ended 30 September 2008

## 17 Changes in Composition of the Banking Group during the Period

As part of a restructuring of CBA operations within New Zealand, on 1 July 2008 ASB Bank Limited purchased 100% of the ordinary capital of the following entities from fellow subsidiaries of CBA for consideration of \$58m. This has resulted in recognition of Net Tangible Assets of \$10m (including Cash at Bank of \$12m) and Intangible Assets of \$48m in the Banking Group.

Subsidiary	Nature of Business
Aegis Limited	Investment Administration and Custody
ASB Group Investments Limited	Investment Administration and Management
Investment Custodial Services Limited	Investment Custodian
Jacques Martin New Zealand Limited	Investment and Registry Administration

Also on 1 July 2008 the ASB Cash Fund was established as a Portfolio Investment Entity ("PIE") managed by ASB Group Investments Limited. The ASB Cash Fund is considered to be controlled by ASB Bank Limited and will be included in the Banking Group's financial statements as an in-substance subsidiary.

On 22 September 2008, Equigroup Finance Limited changed its name to CBA Asset Finance (NZ) Limited. This did not have any impact on the aggregated results or financial position of the Banking Group.

### Changes after the Balance Sheet Date

On 4 November 2008 ASB Properties Limited, a 100% owned subsidiary of ASB Bank Limited amalgamated with fellow subsidiary ASB Management Services Limited to become ASB Properties Limited. This did not have any impact on the aggregated results or financial position of the Banking Group.

On 13 November 2008, Securitisation Management Services Limited was incorporated as a wholly owned subsidiary of ASB Bank Limited. This did not have any impact on the aggregated results or financial position of the Banking Group.

## 18 Contingent Liabilities

As previously disclosed in the General Disclosure Statement for the year ended 30 June 2008, the New Zealand Inland Revenue Department ("IRD") is carrying out an industry-wide review of structured finance transactions. ASB Bank Limited has received Notices of Proposed Adjustments ("NOPAs") from the IRD in respect of structured finance transactions for the years ended 30 June 2001 to 30 June 2006.

A NOPA is not an amended assessment of tax. It is the first step in New Zealand's tax dispute process, under which the IRD formally advises a taxpayer that they are proposing to amend a tax assessment. Notices of amended assessment have now been received in relation to one of these transactions for the 2001 year and two of these transactions for the 2002 and 2003 years. These assessments would result in a tax liability of \$107m if upheld (including use of money interest charges).

Should NOPAs or assessments also be issued to ASB Bank Limited for all similar transactions, and for all tax years from 2001 onward, the combined assessments and adjustments proposed by the IRD would result in a potential tax liability of \$284m up to 30 September 2008 (including use of money interest charges).

ASB Bank Limited has taken extensive independent tax advice and is confident the tax treatment it has adopted for the transactions to which the NOPAs relate is correct.

In November 2006 the Commerce Commission issued proceedings against Visa, MasterCard and 11 financial institutions, including ASB Bank Limited, for alleged price fixing in relation to interchange fees. Also in November 2006, similar proceedings were issued against the same defendants by 11 retailers. No provisions have been made in these financial statements relating to these claims.

The Banking Group has other contingent liabilities in respect of actual and potential claims and proceedings. An assessment of the Banking Group's likely loss in respect of these matters has been made on a case-by-case basis and provision made where appropriate.

## 19 Events after the Balance Sheet Date

On 13 October 2008 the Directors of ASB Capital Limited declared a Perpetual Preference Dividend of \$3m, being 1.74 cents per share. The dividend was paid on 17 November 2008 to all registered holders of Perpetual Preference Shares as at 5.00pm on 31 October 2008.

Also, on 13 October 2008 the Directors of ASB Capital No.2 Limited declared a Perpetual Preference Dividend of \$6m, being 1.58 cents per share. The dividend was paid on 17 November 2008 to all registered holders of Perpetual Preference Shares as at 5.00pm on 5 November 2008.

Details of changes in composition of the Banking Group after the Balance Sheet Date are set out in Note 17.

There are no other events subsequent to the Balance Sheet date which would materially affect the financial statements.

**COMMONWEALTH BANK OF AUSTRALIA  
NEW ZEALAND OPERATIONS**

**PART B**

**NEW ZEALAND LIFE INSURANCE GROUP**

**GENERAL SHORT FORM  
DISCLOSURE STATEMENT**

**For the three months ended  
30 September 2008**



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# General Short Form Disclosure Statement

## Commonwealth Bank of Australia New Zealand Life Insurance Group

This document comprises the General Short Form Disclosure Statement for the Commonwealth Bank of Australia New Zealand Life Insurance Group (the "Life Group") of Commonwealth Bank of Australia New Zealand Operations (the "CBA NZ Operations") as at 30 September 2008. This information is published, where applicable, in accordance with the Registered Bank Disclosure Statement (Off-Quarter – Overseas Incorporated Registered Banks) Order 2008 and pursuant to Section 81(1) of the Reserve Bank of New Zealand Act 1989.

This document should be read in conjunction with the disclosures for Commonwealth Bank of Australia New Zealand Banking Group (the "Banking Group") of the CBA NZ Operations.

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### 1.0 General Matters

#### Registered Bank and Address for Service

Commonwealth Bank of Australia New Zealand Branch  
Level 21, ASB Bank Centre  
135 Albert Street  
Auckland  
New Zealand

A copy of the Commonwealth Bank of Australia's most recent published Financial Statements will be available immediately upon a request being made to the above address. A copy of the Financial Statements may also be obtained from the Commonwealth Bank of Australia's website ([www.commbank.com.au](http://www.commbank.com.au)) in the Shareholder Centre.

The Registered Bank has not published a supplementary disclosure statement because none of the information required to be disclosed applies to the Life Group.

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### 2.0 Overseas Bank and Address for Service

The Overseas Bank is Commonwealth Bank of Australia, domiciled in Australia. The Overseas Banking Group is the Commonwealth Bank of Australia including subsidiary activities worldwide.

Commonwealth Bank of Australia  
Level 7  
48 Martin Place  
Sydney  
Australia

The Commonwealth Bank of Australia (the "CBA") operates as a public company under the Corporations Act in Australia. It has a share capital and is governed by a constitution. The CBA was converted from a statutory corporation to a public company on 17 April 1991.

The CBA Group provides a wide range of banking, financial and related services including funds management and life and general insurance. The origins of the Bank lie in the former Commonwealth Bank of Australia which was established in 1911 by an Act of Parliament to conduct commercial and savings bank functions. These functions were gradually expanded under continued Government ownership until September 1991 when the Bank was partially privatised. In July 1996 the Commonwealth Government sold its remaining shareholding in the Bank.

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### 3.0 Guarantee Arrangements

Guarantee Arrangements are outlined in Part A Commonwealth Bank of Australia New Zealand Banking Group (the "Banking Group") General Short Form Disclosure Statement, 4.0.

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### 4.0 Directors and the New Zealand Chief Executive Officer

There have been no changes to Directors since the previous General Disclosure Statement (30 June 2008).

#### 4.1 New Zealand Chief Executive Officer

A.J. (Andrew) Woodward  
Head of Institutional Banking NZ CBA

#### **4.0 Directors and the New Zealand Chief Executive Officer (continued)**

#### **4.2 Directors of the Commonwealth Bank of Australia**

##### **Chairman**

J.M. (John) Schubert BE, PhD, FIE Aust, FTS, CP(Eng)  
Independent Director  
Australia

##### **Managing Director**

R.J. (Ralph) Norris DCNZM, FNZIM, FNZCS  
Chief Executive Officer  
Australia

##### **Independent Directors**

Sir J.A. (John) Anderson KBE  
New Zealand

R.J. (Reg) Clairs AO  
Australia

C.R. (Colin) Galbraith LLB (Hons), LLM, LLB (Hons), AM  
Australia

J.S. (Jane) Hemstritch BSc, FCA, FCPA  
Australia

S.C.H. (Carolyn) Kay BA, LLB, FAICD  
Australia

A.M. (Andrew) Mohl  
Australia

F.D. (Fergus) Ryan  
Australia

D.J. (David) Turner FCA  
Australia

H.H. (Harrison) Young  
Australia

#### **4.3 Responsible Person**

G.H. (Hugh) Burrett  
Managing Director and Chief Executive Officer  
Auckland, New Zealand

##### In Absence

S.B. (Stewart) McRobie  
Head of Group Finance & Risk Management  
Auckland, New Zealand

#### **5.0 Conditions of Registration - Commonwealth Bank of Australia New Zealand Branch (the "Registered Bank") as from 26 November 2007.**

The Conditions of Registration are outlined in Part A Commonwealth Bank of Australia New Zealand Banking Group (the "Banking Group") General Short Form Disclosure Statement, 6.0.

## 6.0 Credit Rating of Commonwealth Bank of Australia

- 6.1 As at the date of the signing of this General Short Form Disclosure Statement, the following ratings were assigned to the Commonwealth Bank of Australia's long term debt:

Rating Agency	Current Long Term Rating
Fitch Ratings	AA
Moody's Investors Service, Inc.	Aa1
Standard & Poor's (Australia) Pty Limited	AA

The Moody's rating was raised from Aa3 to Aa1 on 4 May 2007. The Standard and Poor's rating was raised from AA- to AA on 21 February 2007. The Fitch rating was affirmed as AA on 24 January 2008. The outlook from all agencies is stable.

## 6.2 Long Term Debt Rating Definitions

Long Term Debt Rating	Fitch (a)	Moody's (b)	S&P (a)
Highest quality / Extremely strong capacity to pay interest and principal	AAA	Aaa	AAA
High quality / Very strong	AA	Aa	AA
Upper medium grade / Strong	A	A	A
Medium grade (lowest investment grade) / Adequate	BBB	Baa	BBB
Predominantly speculative / Less near term vulnerability to default	BB	Ba	BB
Speculative, low grade / Greater vulnerability	B	B	B
Poor to default / Identifiable vulnerability	CCC	Caa	CCC
Highest speculations	CC	Ca	CC
Lowest quality, no interest	C	C	C
In payment default, in arrears - questionable value	D	-	D

(a) Fitch and S&P apply plus (+) or minus (-) signs to ratings from 'AA' to 'CCC' to indicate relative standing within the major rating categories.

(b) Moody's applies numeric modifiers to each generic rating category from Aa to B, indicating that the counterparty is (1) in the higher end of its letter-rating category, (2) in mid-range, (3) in lower end.

- 6.3 As at the date of the signing of this General Short Form Disclosure Statement, the following rating was assigned to Sovereign Assurance Company Limited's ability to meet its ongoing obligations to policyholders:

Rating Agency	Current Long Term Rating
A.M. Best Financial Strength Rating	A+

The A.M. Best Financial Strength rating was upgraded on 28 December 2007. The outlook from this agency is stable.

## 6.4 Insurer's Financial Strength Rating Definitions

Insurer's Financial Strength Rating Definition	A.M. Best Financial Strength Rating
Superior ability to meet their ongoing obligations to policyholders	A++, A+
Excellent ability to meet their ongoing obligations to policyholders	A, A-
Good ability to meet their ongoing obligations to policyholders	B++, B+
Fair ability to meet their ongoing obligations to policyholders	B, B-
Marginal ability to meet their ongoing obligations to policyholders	C++, C+
Weak ability to meet their ongoing obligations to policyholders	C, C-
Poor ability to meet their ongoing obligations to policyholders	D

## 7.0 Capital Adequacy - Overseas Bank and Overseas Banking Group

Information concerning the Overseas Bank and Overseas Banking Group can be obtained from Part A Commonwealth Bank of Australia New Zealand Banking Group (the "Banking Group") General Short Form Disclosure Statement, Note 10 Capital Adequacy of Overseas Bank on page 22.

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## 8.0 Risk Management

There have been no material changes to the Life Group's policies for managing risk, or material exposures to new types of risk, since the previous General Disclosure Statement (30 June 2008).

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## 9.0 The Directors' and the New Zealand Chief Executive Officer's Statement of Part B - Life Group

9.1 Each Director and the New Zealand Chief Executive Officer believes, after due enquiry, that:


- the disclosures contain all the information required under the Companies Act 1993 and the Financial Reporting Act 1993, on the basis of the Life Group complying with Section 9(2) of the Financial Reporting Act 1993; and
- the disclosure statement is not false or misleading

as at the date on which the Disclosure Statement is signed.

9.2 Each Director and the New Zealand Chief Executive Officer believes, after due enquiry, that:

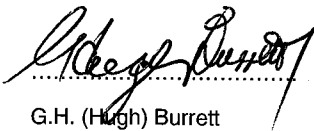
- the Life Group had systems in place to monitor and control adequately the Life Group's material risks, including credit risk, concentration of credit risk, interest rate risk, currency risk, equity risk, liquidity risk and other material business risks and that those systems were being properly applied over the Accounting Period.

**The disclosure statement is signed by the New Zealand Chief Executive Officer of Commonwealth Bank of Australia.**



.....  
A.J. (Andrew) Woodward  
20 November 2008

**The disclosure statement is signed by or on behalf of all the Directors of Commonwealth Bank of Australia.  
For, and on behalf of, the Board of Directors, which authorised the issue of the financial report on 20 November 2008.**



.....  
G.H. (Hugh) Burrett  
Responsible Person  
20 November 2008

## Income Statement

For the period ended \$ millions	Note	Life Group		
		Unaudited 30-Sep-08 3 months	Unaudited 30-Sep-07 3 months	Audited 30-Jun-08 12 months
<b>Continuing Operations: <sup>(1)</sup></b>				
Premium Income		128	109	448
Reinsurance Income		17	14	62
Investment Income		( 33)	106	( 23)
Other Income		( 27)	( 15)	56
<b>Total Operating Income</b>		<b>85</b>	<b>214</b>	<b>543</b>
<b>Total Operating Expenses</b>				
Reinsurance Expenses		23	17	72
Claims, Surrenders and Maturities		80	77	299
Net Change in Life Insurance Contract Liabilities		( 64)	( 2)	( 168)
Net Change in Life Investment Contract Liabilities		( 42)	13	( 104)
Commissions and Management Expenses		69	59	251
Finance Costs		12	11	48
Other Operating Expenses		1	-	4
<b>Net Profit before Taxation</b>		<b>6</b>	<b>39</b>	<b>141</b>
Taxation		-	13	27
<b>Net Profit after Taxation Attributed to Parent Company Shareholders from Continuing Operations</b>		<b>6</b>	<b>26</b>	<b>114</b>
<b>Discontinued Operations: <sup>(1)</sup></b>				
Net Loss after Taxation of Discontinued Operations		-	-	( 11)
Gain on Disposal of Discontinued Operations	11	48	-	-
<b>Net Profit after Taxation Attributed to Parent Company Shareholders</b>		<b>54</b>	<b>26</b>	<b>103</b>

## Statement of Recognised Income and Expense

Net Profit after Taxation Attributed to Parent Company Shareholders	54	26	114
<b>Total Recognised Revenues and Expense</b>	<b>54</b>	<b>26</b>	<b>114</b>

(1) On 1 July 2008, ASB Group Investments Limited, Aegis Limited, Investment Custodial Services Limited and Jacques Martin New Zealand Limited were sold by the Life Group to the Banking Group. When an operation is classified as a Discontinued Operation the current and comparative Income Statements are restated. Notes to the financial statements include the discontinued and continuing operations of comparative periods.

These statements are to be read in conjunction with the notes on pages 9 to 12.

# Balance Sheet

## Life Group

<i>\$ millions</i>		<b>Unaudited</b>	Unaudited	Audited
<i>As at</i>	Note	<b>30-Sep-08</b>	30-Sep-07	30-Jun-08
<b>ASSETS <sup>(1)</sup></b>				
Financial Assets				
- Cash and Cash Equivalents		608	598	559
- Securities		1,965	2,410	2,113
- Derivative Financial Instruments		45	53	74
- Trade and Other Receivables		70	111	73
Reinsured Life Insurance Contract Liabilities		62	63	60
Current Taxation Asset		68	13	65
Deferred Taxation Asset		-	78	-
Property, Plant and Equipment		38	37	39
Intangible Assets		565	567	564
Other Assets		29	32	26
		<b>3,450</b>	3,962	3,573
Assets of Discontinued Operations Held for Sale <sup>(1)</sup>		-	-	18
<b>Total Assets</b>		<b>3,450</b>	3,962	3,591
<i>Total Interest Earning and Discount Bearing Assets</i>		<b>1,479</b>	1,502	1,431
Financed by:				
<b>LIABILITIES <sup>(1)</sup></b>				
Life Insurance Contracts Liabilities		681	1,095	746
Financial Liabilities				
- Life Investment Contracts		1,100	1,346	1,186
- Borrowings		377	396	407
- Derivative Financial Instruments		38	47	25
- Deposited Reserves		42	47	40
- Trade and Other Payables		132	168	152
Deferred Taxation Liability		112	-	108
Provisions		1	3	1
		<b>2,483</b>	3,102	2,665
Liabilities of Discontinued Operations Held for Sale <sup>(1)</sup>		-	-	8
<b>Total Liabilities</b>		<b>2,483</b>	3,102	2,673
<b>SHAREHOLDER'S EQUITY</b>				
Contributed Capital - Ordinary Shareholder	3	-	5	-
Contributed Capital - Convertible Notes	3	503	503	503
Retained Earnings	2	164	52	115
Head Office Contribution	3	300	300	300
<b>Total Shareholder's Equity</b>		<b>967</b>	860	918
<b>Total Liabilities and Shareholder's Equity</b>		<b>3,450</b>	3,962	3,591
<i>Total Interest and Discount Bearing Liabilities</i>		<b>419</b>	443	447

(1) During the year ended 30 June 2008 an operation was classified as a Discontinued Operation. The comparative information in the Balance Sheet for this period has been restated.

These statements are to be read in conjunction with the notes on pages 9 to 12.

# Cash Flow Statement

		Life Group		
		Unaudited 30-Sep-08 3 months	Unaudited 30-Sep-07 3 months	Audited 30-Jun-08 12 months
<i>For the period ended</i>				
<i>\$ millions</i>				
	Note			
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Cash was provided from:				
Premium Receipts		145	138	552
Dividend Receipts		7	6	31
Net Forward Foreign Exchange Contract Gains		-	2	-
Interest Receipts		24	22	99
Mortgage Interest Receipts		-	-	1
Sundry Fees and Commission Receipts		19	21	104
Net Tax Receipts		2	-	-
		<b>197</b>	<b>189</b>	<b>787</b>
Cash was applied to:				
Net Forward Foreign Exchange Contract Losses		81	-	11
Claims, Surrenders and Maturities Payments		149	127	497
Net Reinsurance Payments		-	9	17
Commission Payments		34	27	122
Payments to Suppliers and Employees		53	52	197
Interest on Loan Facilities		12	9	47
Net Tax Payments to Related Parties		-	-	22
Net Tax Payments		1	1	3
		<b>330</b>	<b>225</b>	<b>916</b>
<b>Net Cash Flows from Operating Activities</b>		<b>( 133)</b>	<b>( 36)</b>	<b>( 129)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Cash was provided from:				
Proceeds from Sale of Securities		515	718	2,636
Proceeds from Sale of Subsidiaries		58	-	-
		<b>573</b>	<b>718</b>	<b>2,636</b>
Cash was applied to:				
Purchase of Securities		372	618	2,414
Purchase and Development of Property, Plant and Equipment		1	5	17
Purchase of Investments		-	-	2
		<b>373</b>	<b>623</b>	<b>2,433</b>
<b>Net Cash Flows from Investing Activities</b>		<b>200</b>	<b>95</b>	<b>203</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Cash was applied to:				
Dividends and Branch Profit Repatriated	2	5	6	28
Convertible Note Repaid		7	6	27
Repayment of Capital	3	5	-	-
		<b>17</b>	<b>12</b>	<b>55</b>
<b>Net Cash Flows from Financing Activities</b>		<b>( 17)</b>	<b>( 12)</b>	<b>( 55)</b>

These statements are to be read in conjunction with the notes on pages 9 to 12.



## Cash Flow Statement (continued)

	Life Group		
	Unaudited 30-Sep-08 3 months	Unaudited 30-Sep-07 3 months	Audited 30-Jun-08 12 months
<i>For the period ended</i>			
<i>\$ millions</i>			
<b>SUMMARY OF MOVEMENTS IN CASH FLOWS</b>			
Net Increase in Cash and Cash Equivalents	50	47	19
Add: Cash and Cash Equivalents at Beginning of Period	570	551	551
Less: Cash of Discontinued Operations	12	-	-
<b>Cash and Cash Equivalents at End of Period</b>	<b>608</b>	<b>598</b>	<b>570</b>
Represented by:			
Cash at Bank and on Deposit	585	584	548
Foreign Currency Deposits	23	14	22
	<b>608</b>	<b>598</b>	<b>570</b>
<b>RECONCILIATION OF NET PROFIT AFTER TAXATION TO NET CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Net Profit after Taxation	54	26	103
<b>Add: Non-Cash Items and Items Classified as Investing and Financing Activities:</b>			
Impairment of Leasehold Improvements	-	-	(1)
Depreciation and Amortisation	1	1	6
Net Realised and Unrealised (Gains) / Losses	(26)	(38)	135
Non-Cash Dividends - (Paid) / Received	(5)	(13)	9
Gains on Disposal of Property Plant & Equipment	-	-	(17)
Tax on Dividends and Repatriation of Profits	4	2	16
Movement in Income Tax Assets and Liabilities	(3)	(2)	(26)
Deferred Acquisition Cost Amortisation	1	1	3
Net Change in Life Insurance Contract Liabilities recognised in Income Statement - (Decrease) / Increase	(64)	7	(168)
Net Change in Life Investment Contract Liabilities recognised in Income Statement - (Decrease) / Increase	(42)	14	(104)
	<b>(134)</b>	<b>(28)</b>	<b>(147)</b>
<b>Add: Movements in Balance Sheet Items</b>			
Trade Receivables and Sundry Debtors - Decrease / (Increase)	1	(16)	(3)
Provisions - (Decrease) / Increase	-	(2)	2
Trade and Expense Creditors - (Decrease) / Increase	(8)	13	22
Claims, Maturities & Surrenders (Net)	(44)	(23)	(90)
Life Insurance Contract Liabilities - Deposit Premium, Claims, Maturities & Surrenders (Net)	(2)	(6)	(15)
Deferred Fee Balance	-	-	(1)
	<b>(53)</b>	<b>(34)</b>	<b>(85)</b>
<b>Net Cash Flows from Operating Activities</b>	<b>(133)</b>	<b>(36)</b>	<b>(129)</b>

These statements are to be read in conjunction with the notes on pages 9 to 12.

# Notes to the Financial Statements

For the three months ended 30 September 2008

## 1 Statement of Accounting Policies

The financial statements of the Life Group incorporated in this General Short Form Disclosure Statement have been prepared in accordance with NZ IAS 34 *Interim Financial Reporting* and should be read in conjunction with the 30 June 2008 General Disclosure Statement.

There have been no material changes to accounting policies in the three months ended 30 September 2008. All policies have been applied on a basis consistent with that used in the financial year ended 30 June 2008.

Certain comparatives have been reclassified to conform with the current period's presentation.

\$ millions As at	Life Group		
	Unaudited 30-Sep-08	Unaudited 30-Sep-07	Audited 30-Jun-08
Balance at Beginning of Period	115	31	31
Net Profit after Taxation	54	26	103
Branch Surplus Repatriated	(7)	(7)	(28)
Taxation on Branch Surplus Repatriated	2	2	9
<b>Balance at End of Period</b>	<b>164</b>	<b>52</b>	<b>115</b>

## 2 Retained Earnings

Balance at Beginning of Period	115	31	31
Net Profit after Taxation	54	26	103
Branch Surplus Repatriated	(7)	(7)	(28)
Taxation on Branch Surplus Repatriated	2	2	9
<b>Balance at End of Period</b>	<b>164</b>	<b>52</b>	<b>115</b>

## 3 Other Transactions with Owners during the Period

There have been no changes to Contributed Capital, Convertible Notes and Head Office Contribution during the three months ended 30 September 2008.

During the year ended 30 June 2008 \$5 million of Ordinary Capital was repaid to CFSI Australia. This amount was settled on 1 July 2008.

## 4 Related Party Balances

During the three months ended 30 September 2008, the Life Group has entered into, or had in place various financial transactions with members of the Commonwealth Bank of Australia Group and Trusts managed or administered by the Life Group. Arrangements with all related parties were conducted on an arm's length basis and on normal commercial terms, and within the Life Group's approved policies.

The following balances represent amounts due from and to related parties:

### Amounts Due from Related Parties

Commonwealth Bank Group (100% Ultimate Shareholder)	7	10	9
Commonwealth Bank of Australia New Zealand Banking Group (Subsidiaries of Commonwealth Bank Group)	621	590	577
Other Commonwealth Bank Group Subsidiaries	21	30	26
Trusts Managed or Administered by the Life Group	112	152	125

### Total Amounts Due from Related Parties

<b>761</b>	<b>782</b>	<b>737</b>
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### Amounts Due to Related Parties

Commonwealth Bank of Australia New Zealand Banking Group (Subsidiaries of Commonwealth Bank Group)	4	7	8
Other Commonwealth Bank Group Subsidiaries	-	1	1

### Total Amounts Due to Related Parties

<b>4</b>	<b>8</b>	<b>9</b>
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## 5 Concentration of Credit Exposures to Individual Counterparties

There were no credit exposures to individual or connected counterparties greater than 10% of Commonwealth Bank of Australia's equity (30 September 2007 Nil, 30 June 2008 Nil).

## Notes to the Financial Statements

For the three months ended 30 September 2008

### Life Group

\$ millions

As at

	Unaudited 30-Sep-08	Unaudited 30-Sep-07	Audited 30-Jun-08
<b>6 Asset Quality</b>			
<b>Impaired Assets</b>			
Balance at Beginning of Period	1	1	1
<b>Balance at End of Period</b>	1	1	1

The Impaired Assets reported above include Agent Loans that are under management and overpaid commissions that are subject to external recovery or legal action. The amount of interest income accrued on Impaired Assets during the period was Nil (30 September 2007 Nil, 30 June 2008 Nil)

#### Past Due Assets

Balance at Beginning of Period	1	1	1
<b>Balance at End of Period</b>	1	1	1

The Past Due Assets reported above include Residential Mortgages (reported in Securities) and Agent Loans (reported in Trade and Other Receivables) where payments are one or more days overdue.

The maximum credit risk associated with each class of recognised financial asset held by the Life Group is the carrying value.

## 7 Provisions for Impairment Loss

#### Individually Assessed Provisions

Balance at Beginning of Period	1	1	1
<b>Balance at End of Period</b>	1	1	1
<b>Total Impairment Loss Provisions</b>	1	1	1

The Specific Provisions reported above are held against Agent Loans that are under management and overpaid commissions that are subject to legal action or external recovery.

# Notes to the Financial Statements

For the three months ended 30 September 2008

<i>\$ millions</i>	Life Group			Total
	Life Insurance and Superannuation	Asset Management	Other	
<b>8 Financial Reporting by Segments</b>				
<b>Primary Segment Information: Business</b>				
<b>As at 30 September 2008</b>				
<b>Unaudited</b>				
Total Operating Income	79	-	6	85
Net Profit before Taxation	3	-	3	6
<b>As at 30 September 2007</b>				
<b>Unaudited</b>				
Operating Income Derived from Outside Life Group	208	16	6	230
Inter-Segment Operating Income	-	( 4)	-	( 4)
Total Operating Income	208	12	6	226
Net Profit before Taxation	34	-	5	39
<b>As at 30 June 2008</b>				
<b>Audited</b>				
Operating Income Derived from Outside Life Group	518	62	25	605
Inter-Segment Operating Income	-	(15)	-	( 15)
Total Operating Income	518	47	25	590
Net Profit before Taxation	127	( 16)	14	125

The major products / services from which the above segments derive income are:

**Life Insurance and Superannuation Management:** marketing and administration of a comprehensive range of life insurance and superannuation products.

**Asset Management:** marketing and administration of unit trusts and provision of asset administration services to financial advisers and fellow Life Group subsidiaries.

Life Group conducts managed fund and trust activities. These are superannuation scheme management, securitised mortgage activities, trust management and asset administration. Arrangements exist to ensure these activities are managed independently from the Life Group's other activities.

## 9 Contingent Liabilities and Capital Commitments

### Contingent Liabilities

On 30 September 2005, Sovereign Assurance Company Limited ("SACL") received a reassessment from the Inland Revenue Department ("IRD") in relation to the tax treatment of reinsurance arrangements in the 2000 tax year. SACL subsequently received reassessments in respect of the arrangements for the 2001 and 2002 tax years in March 2008. Based on independent tax and legal advice, SACL has lodged proceedings in the High Court to challenge these reassessments. The High Court has agreed to adjourn case management conferences to allow both parties to make further progress in resolving this dispute. On 20 October 2008, the IRD issued Statements of Position for the 2003 and 2004 years on broadly the same basis adopted in respect of previous years. SACL has until 19 December 2008 to issue its response.

SACL is confident the tax treatment it has adopted for the transactions to which the assessment relates is correct. SACL has consistently applied this tax treatment to its reinsurance arrangements since inception of the arrangements (1992 and 1996) and that tax treatment has been reviewed by the IRD under previous IRD audits.

Should the IRD issue reassessments to SACL in respect of the reinsurance arrangements for all relevant tax years and should SACL not succeed in challenging these assessments in Court, the estimated maximum potential additional tax liability including use of money interest and excluding penalties would be \$62m as at 30 September 2008 (30 September 2007 \$69m, 30 June 2008 \$49m). The reduction in estimated liability from 30 September 2007 has arisen as a result of the IRD's Adjudication Unit finding in favour of SACL on certain aspects of the dispute.

There are no other material contingent liabilities as at 30 September 2008 (30 September 2007 Nil, 30 June 2008 Nil).

# Notes to the Financial Statements

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For the three months ended 30 September 2008

## **9** Contingent Liabilities and Capital Commitments (continued)

### **Capital Commitments**

The Life Group has entered into contracts for the fit out and provision of building services in the new Sovereign head office premises at Smales Farm, Takapuna. The total estimated capital commitments for these contracts is \$1m (30 September 2007 \$2m, 30 June 2008 \$1m).

## **10** Market Risk Exposure

It is not meaningful to apply the Market Risk Exposure model of the Reserve Bank to life insurance companies due to the nature of certain assets and liabilities.

## **11** Discontinued Operations

On 1 July 2008, the following entities (the "Discontinued Operations" as at 30 June 2008) were sold to ASB Bank Limited for \$58m:

Aegis Limited  
ASB Group Investments Limited  
Investment Custodial Services Limited  
Jacques Martin New Zealand Limited

The gain on disposal was \$48m.

## **12** Events after the Balance Sheet Date

There are no events subsequent to the Balance Sheet date which would materially affect the financial statements.